Request for allowing NBFCs to form local area banks

2557. SHRI K. M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether any move to allow the Non-Banking Finance Companies with 'A' credit rating to form local area banks is under consideration of Government;

(b) if so, the details thereof;

(c) whether such steps would benefit the priority sectors like S.S.I. Finance, Agriculture and Export Finance, etc. besides retail finance sectors like consumer loans, housing loans and transport finance;

(d) whether some Non-banking Finance Companies in Andhra Pradesh would be benefited from such permission; and

(e) if so, the details in this regard district-wise and when these moves would be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) Reserve Bank of India (RBI) have reported that the Non-Banking Financial Companies (NBFCs) with 'A' credit rating are eligible to apply as promoter for establishment of local area bank subject to the usual guidelines laid down by RBI. There is no move to permit NBFCs to function as local area banks in the existing form.

(c) Local area banks aim at catering to the credit needs of the local people and to provide efficient and competitive financial intermediation services in their are of operation. It is expected that their lending will be to agriculture and allied activities, Small Scale Industries, agro-industrial activities, trading activities and the non-farm sector. The banks would have to observe the priority sector lending targets at 40 per cent of net bank credit and adhere to the requirement of landing at least 25 per cent of their priority sector deployments (10 per cent of net bank credit) to the weaker sections.

(d) and (c) RBI have informed that no proposal received from NBFCs having registered office in Andhra Pradesh has so far been conveyed "in principle" approval for establishment of local area bank.

Disinvestment of Capital of Bongaigaon Refinery

2558. SHRI DRUPAD BORGOHAIN: Will the Minister of FINANCE be pleased to state:

(a) whether is is a fact that the Ministry of Finance is going to deal with the Reliance Company to disinvest a certain percentage of capital of Bongaigaon Refinery and Petrochemicals Ltd., and

(b) if so, when it is going to be dealt with and upto what percentage?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No, Sir.

(b) Docs not arise.

Raising of money from public issues by companies

2559. SHRI YADLAPATI VENKAT RAO: Will the Minister of FINANCE be pleased to state:

(a) the efforts made to trace 'vanishing' companies who raised money from public issues in the stock market in 1992 to 1996; and

(b) the action taken against those who did not set up units as promised.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) As per information provided by